

ASSEMBLY BILL

No. 204

Introduced by Assembly Member Harman

January 31, 2005

An act to amend Section 10172.5 of the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 204, as introduced, Harman. Life insurance: interest: posthumous conception.

Existing law requires each insurer admitted to transact life insurance, credit life insurance, or accidental death insurance in this state that fails or refuses to pay the proceeds of any policy of life insurance issued by it within 30 days after the date of death of the insured to pay interest, at a specified rate, on any moneys payable and unpaid after the expiration of the 30-day period requirement except as specified.

This bill would provide that this requirement shall not apply if the insurer has received a specified notice regarding the availability of the insured's genetic material for posthumous conception.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10172.5 of the Insurance Code is
- 2 amended to read:
- 3 10172.5. (a) Notwithstanding any other provision of law,
- 4 each insurer admitted to transact life insurance, credit life
- 5 insurance, or accidental death insurance in this state that fails or

1 refuses to pay the proceeds of, or payments under, any policy of
2 life insurance issued by it within 30 days after the date of death
3 of the insured shall pay interest, at a rate not less than the then
4 current rate of interest on death proceeds left on deposit with the
5 insurer computed from the date of the insured's death, on any
6 moneys payable and unpaid after the expiration of the 30-day
7 period. This section shall apply only to deaths of insureds which
8 occur on or after January 1, 1976.

9 (b) Nothing in this section shall be construed to allow any
10 insurer admitted to transact life insurance, credit life insurance,
11 or accidental death insurance in this state to withhold payment of
12 money payable under a life insurance policy to any beneficiary
13 for a period longer than reasonably necessary to transmit that
14 payment. Whenever possible payment shall be made within 30
15 days after the date of death of the insured.

16 (c) In any case in which interest on the proceeds of, or
17 payments under, any policy of life insurance, credit life
18 insurance, or accidental death insurance becomes payable
19 pursuant to subdivision (a), the insurer shall notify the named
20 beneficiary or beneficiaries at their last known address that
21 interest will be paid on the proceeds of, or payments under, that
22 policy from the date of death of the named insured. That notice
23 shall specify the rate of interest to be paid. ~~In any case where the~~
24 ~~notice required by Section 249.5 of the Probate Code has been~~
25 ~~given to a life insurer, that insurer is not required to provide the~~
26 ~~notice required by this section until after it has been notified that~~
27 ~~a child has actually been born within two years of the death of~~
28 ~~the decedent. The obligation shall be deemed satisfied by giving~~
29 ~~notice to the person who first provides proof to the insurer that~~
30 ~~the child has been born alive.~~

31 (d) This section shall not require the payment of interest in any
32 case in which the beneficiary elects in writing delivered to the
33 insurer to receive the proceeds of, or payments under, the policy
34 by any means other than a lump-sum payment thereof.

35 (e) *This section shall not require the payment of interest in any*
36 *case in which the insurer has been provided with the notice*
37 *specified in subdivision (b) of Section 249.5 of the Probate Code.*

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